# HQDA G-1 Incentives Branch

**Jerry Pionk- Chief, HQDA G-1, Incentives Branch**

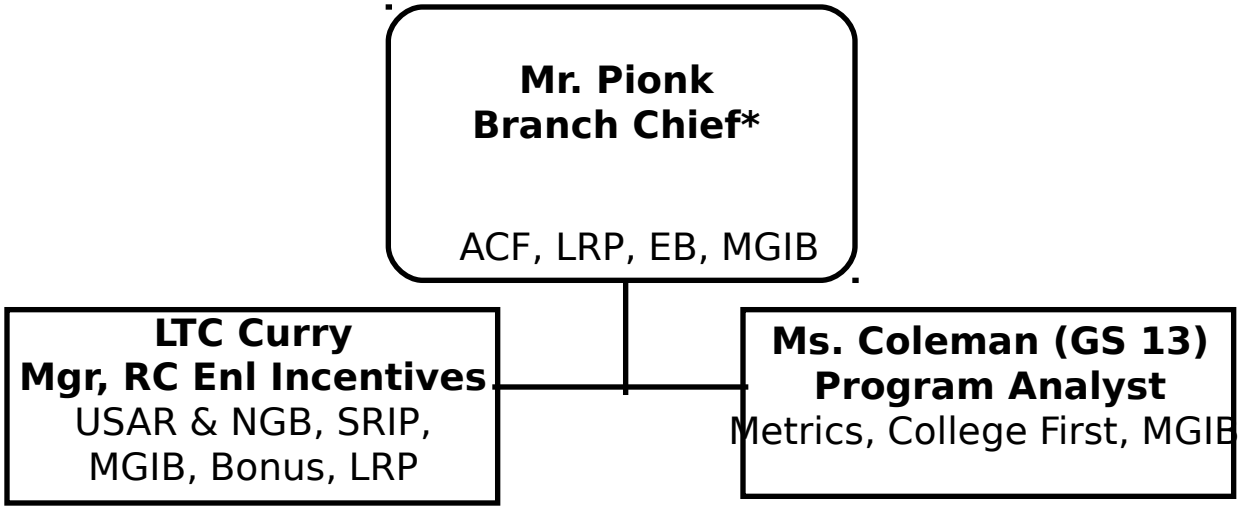
**November 2005**

# Major Programs

*Incentives and Budget Branch*

- **Manages Army enlisted accessions incentive programs: Army College Fund, Enlistment Bonuses, Loan Repayment, College First**
- **Develops and reviews initiatives regarding additions and changes to incentives law, policy, and operations including drafting and reviewing legislation**
- **Chairs the Enlisted Incentive Review Board ensuring the proper incentive structure to meet accession targets, MOSs, and quality**
- **Reviews and coordinates Selected Reserve Incentive Program (RC enlistment and Reup bonuses, Loan Repayments, MGIB-SR, Accession bonuses)- AR 135-7 proponent**
- **Represents Army interests with respect to MGIB to Veterans Administration and Army Family Action Plan Councils**
- **Collects and analyzes incentive data and provides information on trends to Army leadership, OSD, OMB, and Congress**
- **Develops, justifies, and defends requirements for Active Army incentive programs including what-if drills for end strength increases**
- **Defends and acquires, as necessary, funding throughout POM, Budget, and Execution years; monitors execution and cost per recruit**
- **Responds to White House, Veterans Administration, Congressional, and other inquiries**
- **Develop and update performance metrics for POM, PB, SRS, and Army Executive Council**
- **Serves as liaison to Commands for funding needs with respect to operation and maintenance appropriation**

## *Incentives and Budget Branch*




| | AUTH | |
|---|---|---|
| **ASGN** | | |
| **OFF** | **1** | **1** |
| **ENL** | **0** | **0** |
| **CIV** | **2** | **2** |
| | **3** | **3** |

* Recently Mil to Civ conversion.

# Agenda

- FY05 Closeout
- Recap of FY05 Actions
- New FY06 Initiatives
- Pending Initiatives (FY07)
- The Future

# FY05 Closeout

| | Recruiting<br>YTD % achieved ( YTD Delta ) | Retention<br>YTD% achieved (YTD Delta) | Endstrength<br>(EOY FY05 Projected) | Quality Marks (Goal is ≥90%/ ≥67%/ ≤2%) |
|---|---|---|---|---|
| Active | 92%<br>(-6,627)<br>R<br>(as of EOY FY05) | 108%<br>(+5,201)<br>G<br>(as of EOY FY05) | (493.6K)<br>R<br>(as of EOY FY05) | •HSDG=87.0%<br>•TSC I-IIIA=67.2%<br>• IV=3.9% |
| USAR | 87%<br>(-2,775)<br>R<br>(as of EOY FY05) | 102%<br>(+[illegible]9)<br>G<br>(as of EOY FY05) | (1[illegible]K)<br>R<br>(as of EOY FY05) | •HSDG=88.8%<br>•TSC I-IIIA=66.2%,<br>•IV=3.8% |
| ARNG | 78%<br>(-1[illegible]02)<br>R<br>(as of EOY FY05) | 103%<br>(+[illegible]3)<br>G<br>(as of EOY FY05) | (33[illegible]K)<br>R<br>(as of EOY FY05) | •HSDG=82.5%<br>•TSC I-IIIA=56.5%<br>•IV=4.5% |

G = Mission Success  R = Failed Mission  * With Stop / Loss

Lessons Learned: USAREC reduced its FY05 RA YTD shortfall from -8,321 to -6,627 (20.4% reduction) with over-accessions from June through September. This is due in part to: increased incentives (QS Bonus), an overall in in recruiters on production, SRAP, AIP, allowance of IRR to TPU recruiting, and RC to AC program.

# Recruiting and Retention Role Comparison

Different roles, some similarities, unique cultural differences

Both vital to end strength

Market propensities are vastly different

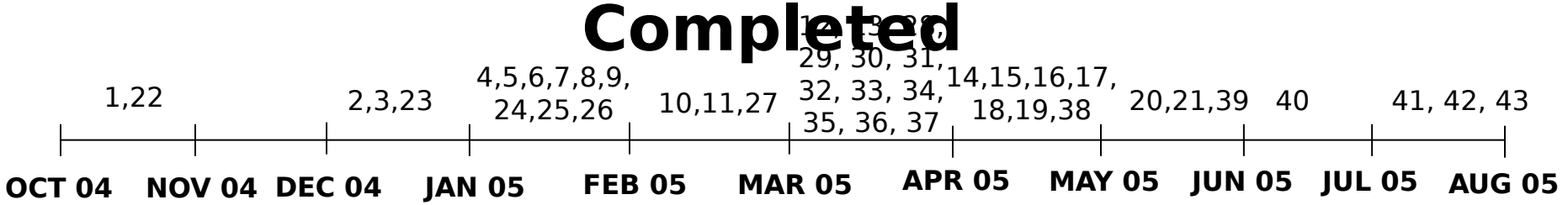
Beware of the tendency to overplay the importance of one role over another (If it is so easy, volunteer for the other role)

Recruiters sell an Army experience and Career Counselors provide the "bridge" between an Army experience and an Army Career through pre-emptive counseling and effective follow-up

Both need tools (incentives) and command support for success.

Incentives are both monetary and non-monetary

# Recruiting & Retention Actions Completed




**Active Army**

1. Raised the Army College Fund from $50K to $70K. (01 Oct)
2. Increased NPS MOS that are offered an enlistment bonus. (06 Dec)
3. Critical Skills Retention Bonus for Special Operations Forces (30 Dec)
4. Increased Selective Reenlistment Bonus - Deployed to 15K (01 Jan)
5. Approved the HIGRAD bonus for all applicants, regardless of MOS chosen and AFQT. (07 Jan)
6. Opened reenlistment window for deployed Soldiers (18 Jan)
7. Instituted a $5k to $10K Blue to Green Bonus for separating members of the Navy and Air Force. (31 Jan)
8. Instituted a Prior Service Enlistment Bonus (up to $10K). (31 Jan)
9. Raised the maximum seasonal ship bonus from $9k to $10k. (31 Jan)
10. Critical Skills Retention Bonus for Other Critical Skills (04 Feb)
11. Approved AC MOS Conversion Bonus (07 Feb)
12. Approved Tier II Home Schooled and National Guard Youth Challenge applicants to receive Tier I enlistment incentives. (01 Mar)
13. Raised the 09L (Linguist) bonus from $5K to $10K lump sum (21 Mar)
14. Expanded Active Army Student Loan Repayment Program (SLRP) to include all qualified applicants. (04 Apr)
15. Raised the NPS Seasonal Bonus cap from $10K to $14K. (04 Apr)
16. Implement an OCS enlistment bonus aligned with current HIGRAD authority. (08 Apr)
17. Raise the RA lump sum bonus cap from $7K to $10K. (08 Apr)
18. Raised the quick ship bonus from $10K to $14K for Tier I-III and $4K to
19. Expande
20. Expanded National Call to Service nationwide (04 May)

**USAR and ARNG:**

22. Establish an officer transition mission (AC:RC) for HRC. (01 Oct)
23. Approved the use of new NDA05 RC incentives ($10K NPS bonus), ($15K PS bonus), ($15K Reup bonus). (20 Dec)
24. Approved Selective Reenlistment Bonus for USAR AGR (01 Jan)
25. MOS Immaterial Reenlistment bonus policy for Soldiers in Iraq, Kuwait and Afghanistan (01 Jan)
26. Approved RC Officer and Warrant Officer applicants to retain their enlistment bonus upon accepting Warrant Officer appointment or commission. (28 Jan)
27. Eliminated the provision in AR 135-7 that requires a 12-month wait to join the Selected Reserve after separation from another Selected reserve Unit. Applicants may now enlist immediately. (24 Feb)
28. Approved Tier II Home Schooled and National Guard Youth Challenge applicants to receive tier I enlistment incentives. (01 Mar)
29. Approved inclusion of MSII SMP cadets in the Reserve Component Montgomery GI Bill “Kicker” program (previously restricted to MSIII and IV). (01 Mar)
30. Approved the use of the Montgomery GI Bill “Kicker” as a USAR/ARNG reenlistment tool provided the member has not previously qualified for MGIB. (01 Mar)
31. Streamlined the mid year Selective Reserve Incentives Program (SRIP) to conduct the review at DMPM level. (01 Mar)
32. Approved MOS Conversion Bonus for USAR (04 Mar)
33. Issued message implementing the $4K, HIGRAD bonus for USAR. (18 Mar)
34. Increased maximum enlistment age to 39 (18 Mar)
35. Approved the USAR 3x5 option for implementation and a $10K bonus. (28 Mar)
36. Issued an updated memorandum to clarify bonuses for RC Soldiers affected by Stop-Loss to better manage bonus payments. (30 Mar)
37. Issued guidance clarifying eligibility for RC officers who were former enlisted members to retain their Student Loans Repayment Program guarantee upon commissioning. (30 Mar)
38. Expanded 3x5 option nationwide for Reserve components. (28 Apr)
39. USAR began Foreign Language Recruiting Initiative Program (02 May)

# Our Budget

| • FY05 Adjustments | President's Budget | Budget with |
|---|---|---|
| Enl Bonus | $141.5M | $249.6M |
| Army Coll. Fund | $18.4M | $51.5M |
| Loan repayment | $44.4M | $54.8M |
| SRB | $305.1M | $464.7M |

| • FY06 Additional | President's Budget | Requested |
|---|---|---|
| Enl Bonus | $135.2M | $61M = $196.2M |
| Army Coll. Fund | $17.8M | $6.7M= $ 24.5M |
| Loan repayment | $50.1M | $8.5M= $ 58.6M |
| SRB | $102.7M | $196M = $$298.7M |
| CSRB | 0 | $31.7M |

- **New York Yankees Payroll:** About $250M

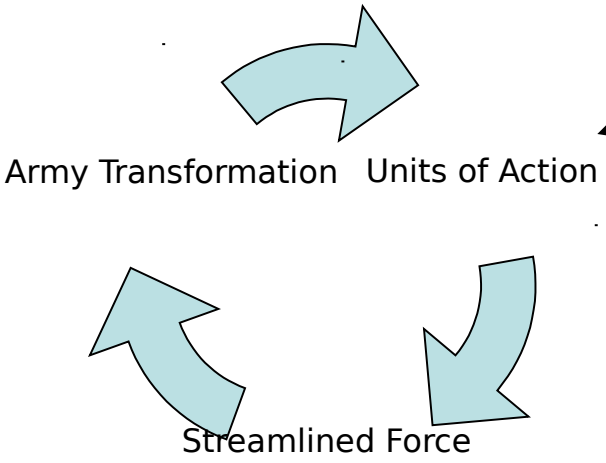
# Major Issues

- Consolidation of AR 135-7 (RC Incentives) into AR 601-210 (Recruiting), AR 601-280 (Retention) and AR 621-202 (Education Incentives)
  - Current regulations are outdated and have not kept pace with events
  - Continuum of Service and transfer among components into law and policy
- Army's Top Three Priorities
  - 1. Win the Long War While Sustaining the All-Volunteer Force - recruit and retain Soldiers, while providing a quality of life commensurate with the quality of their service.
  - 2. Accelerate the Future Combat Force Strategy - resource and execute modular force conversions as rapidly as possible, enable early spinout of Future Combat System technologies, and execute the global restationing plan of the Total Army.
  - 3. Accelerate Business Transformation and Process Improvements.

# Initiatives

- **Current**
  - AIP – Since 13 July 05-(30 September) – 2823 Contracts  2208 - Shippers
  - TTAS Education Plus – Projected to net 2,900 contracts
  - Blue to Green – FY 05 Enlisted: 271, Officers: 125 (bonuses enhanced)
  - RC to AC (incentives package) – enlistment of mobilized soldiers (Introduced as a result of Katrina)
  - National Call to Service – 105 FY 05
  - Unity of Effort – Focus on PS from all services (bonuses enhanced)
  - Army Career Explorer – allows applicants to self-process in a limited sense.
  - Move to Quarterly Mission accomplishment measurement and Annual Quality Marks gives USAREC more flexibility to frontload shippers into the first half of the new FY
- **Pending**
  - New College First (change to current program to include ARNG) - Pending
  - Continue to seek Congressional support for improved programs - Pending
    - Enlistment bonus raise from $20K to $40K
    - Referral Bonus ($1K to $2.5K)
    - Transition Bonus ($2.5K or more)
    - Increase Initial Entry Enlistment Age to 42
    - Home Ownership Program ($25-$45K)
    - Limited MGIB Transferability
- **Future**
  - Review quality goals for HSDG  (90% to 80%) NOTE: DoD is 65%
  - Congress – “Dream Act” – enlistment of applicants after passage of legislation
  - Allow substitution of an ACT or SAT score for the ASVAB test
  - Review NGYC and Home School to Tier 1 Education Status (open up opportunities for today’s youth)

# Impacts of 9-11 and the Future




**Pre 9-11**

- **Transformation**
  - **–Army Well-Being**
  - **–Continuum of Service**
  - **–Units of Action**
  - **–IMA Role**
  - **–Streamlined Incentives**

**Post 9-11**

- **RC Role Change**
- **Stop Loss**
- **Deployment Cycle Support**
- **R&R Leave**
- **DS3**
- **Enhance/Raise Incentives**

**Pre 9-11 Programs still alive, but focus has changed**

- **Transformation:** Units of Action (size, end strength)
- **Well Being:** DCS, Family Support, Disabled Soldiers, R&R Leave
- **Continuum of Service:** Changed by RC deployments, Blue to Green
- **Approach to Recruiting and Retention**

**Post 9-11 and GWOT (Future)**

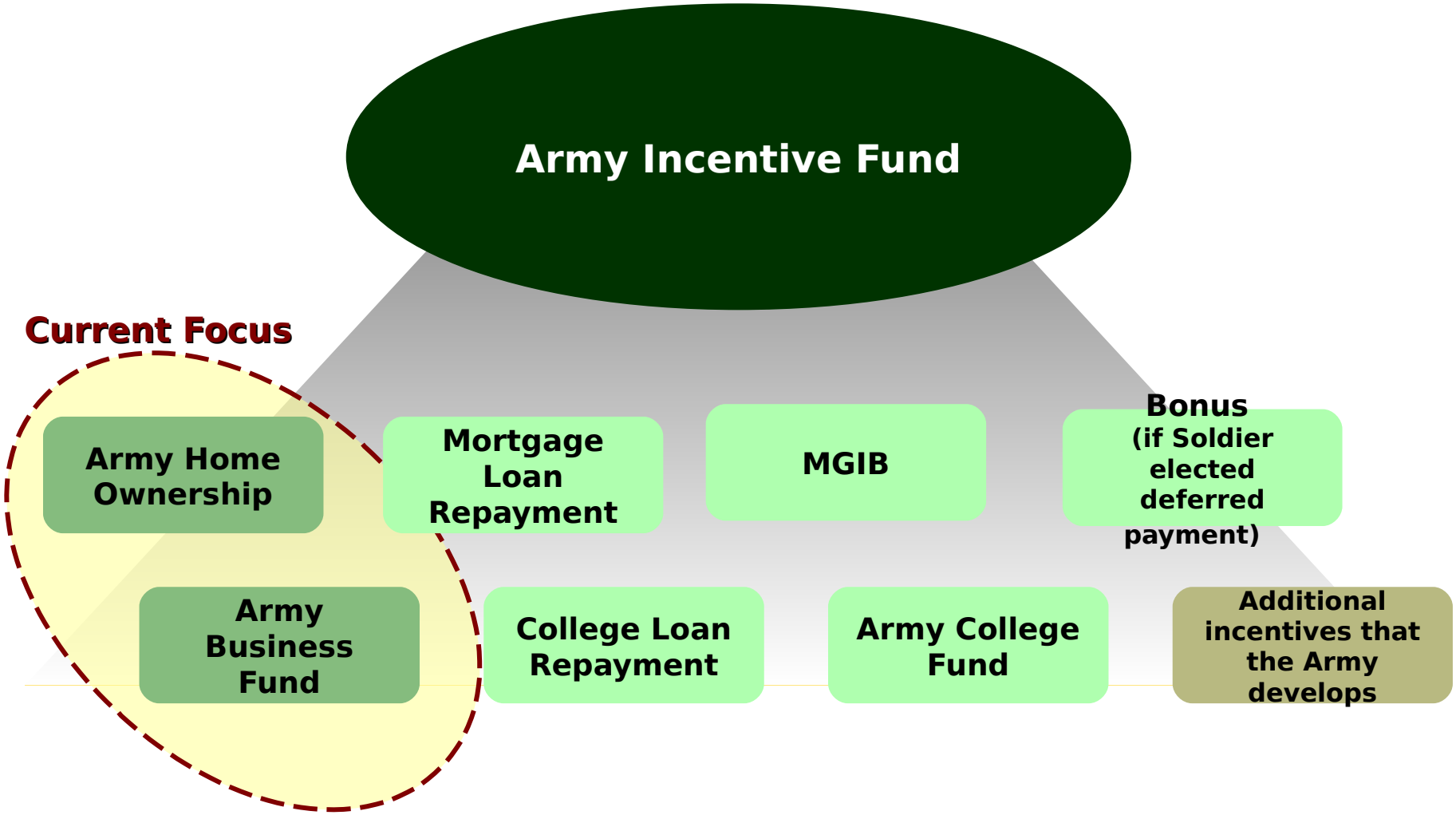
- **"Buffet of Incentives"**
- **Automated Career Planning**
- **Flexibility of movement between components**
- **Consolidation of AC and RC programs and standards**

# The Army Incentives "Buffet"

- Proposal by Office of SECDEF:
  - Change law from "bonuses" to "incentives" (Expands the possibilities)
  - Permit Service Secretary to define programs across the spectrum with statutory constraints (Provides flexibility to manage to unique service needs)
- Army Plan:
  - Offer a "Buffet" or choice of combined options at enlistment and reenlistment.
  - The applicant/Soldier will "Pick and Choose"
  - Benefit combinations dictated by law, but will accrue throughout a career through a "life cycle" incentives package for all components (AC and RC)
  - Possible combinations: (Current or proposed Maximum)
    - **Enlistment or reenlistment bonuses ($40K EB/$90K SRB)**
    - **Tax free down payment on a home (up to $45K)**
    - **Small business start up stipend (up to $45K)**
    - **Army College Fund**
    - **Student Loan Repayment**
    - **MGIB Flexibility and transferability**

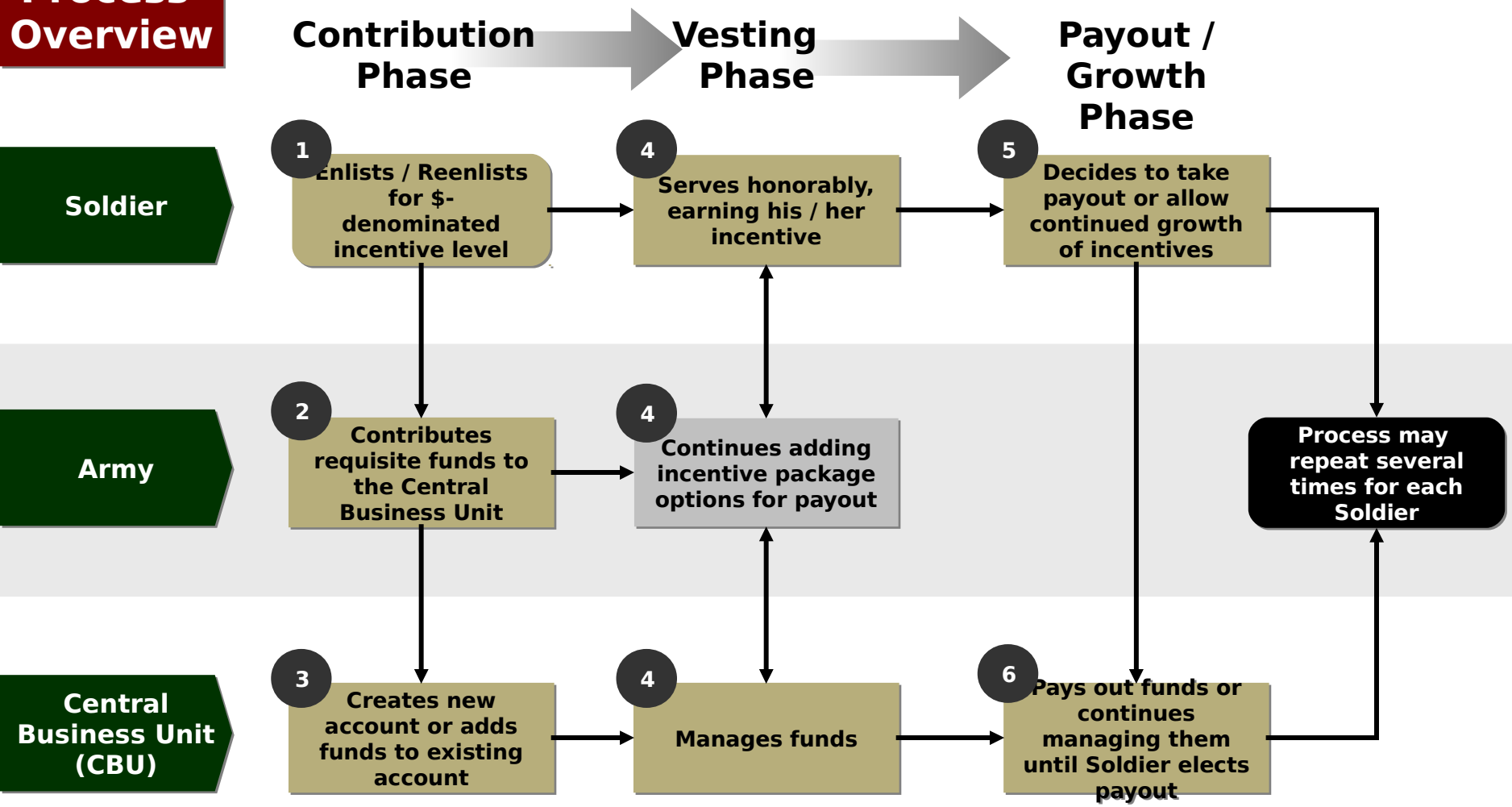
The Vision…

# Army Incentive Model (AIM)



# Army Incentive Model (AIM)

## Process Overview


Contribution Phase
Vesting Phase
Payout / Growth Phase
Soldier
Army
Central Business Unit (CBU)
1
Enlists / Reenlists for $-denominated incentive level
2
Contributes requisite funds to the Central Business Unit
3
Creates new account or adds funds to existing account
4
Serves honorably, earning his / her incentive
4
Continues adding incentive package options for payout
4
Manages funds
5
Decides to take payout or allow continued growth of incentives
6
Pays out funds or continues managing them until Soldier elects payout
Process may repeat several times for each Soldier

# Why these incentives?

1. Consistent with Army Positioning

**Being a Soldier strengthens you today and for the future because the Army develops your potential through relevant and challenging training, shared values and personal experience. Soldiers consistently take pride in making a difference for themselves, their families and the Nation.**

- **Consistent branding creates marketing synergies, increasing effectiveness and efficiency of efforts**
- **The Army must provide incentives to gain the competitive advantage**

2. Consistent with the Army Competitive Advantage Working Group Senior Review Panel Guidance on Key Characteristics of effective initiatives

**- Competitive Advantage - All Ranks - Flexibility**
**- Consistent with Army Positioning Statement - Cross Components - Soldier Lifecycle**
**- Vesting**

# Why these incentives? (continued)

3. Consistent with the Army Posture Statement

**While Soldiers perform their duties to meet Army expectations, the Army, in turn, must provide an environment in which individual aspirations can be met.**

**– Army Posture Statement, 2005**

4. Consistent with Administration Priorities

**"And, so, therefore, policies over the next four years will be to encourage others to own their own home, to expand the home ownership in America."** [E4]

**"I'm here to herald the small businesses which are the strength of the economy of the United States of America."** [E5]

**– President George W. Bush**

5. Consistent with recommendations from leading researchers on how to improve military compensation

**"To achieve greater flexibility in managing personnel and more variable outcomes in terms of career length and assignment length, the demand for flexibility and the incentives to be innovative and work in new ways must increase."**[E6]

– RAND

# Army Home Ownership Fund (AHO)

Intent: **Attract and retain quality Soldiers in the Army (all components/all ranks). Part of a substitutable set of incentives for recruiting and retention.**

Market Attractiveness:

- **AHO was the third most attractive incentive (after higher salary) for the general and select niche markets.[1]**
- **Army Times, 19 September 2005, Soldiers want to own a home**
- **Princeton University offering home buying assistance to lower and middle income staff E2**
- **Washington Post survey indicates 75% of DC-area teens believe that buying a house will be more difficult for them than their parents E3**

Key Characteristics:

- **Payment[2] is available upon certification of viable mortgage, whether purchased before or during term of service (will recoup if necessary)**
- **The Army Reserve plans to offer AC to RC Soldiers $12.5K for 3 years and $20K for 6 years.**

Notes:

1 Chadwick Martin Bailey Discrete Choice Study, Dec 2004, n=1,000.

2 The funds go directly to the lending institution

# AHO Business Case

Projected Range of Annual AHO Accessions

| Market Awareness Levels | 10% | 25% |
|---|---|---|
| $15K AHO Incentive | 619 | 1547 |
| $30K AHO Incentive | 861 | 2154 |
| $45K AHO Incentive | 1358 | 3395 |
| **Total Projected Accessions** | **2838** | **7095** |

Researcher: Chadwick Martin Bailey
Method: Discrete Choice Analysis Dec 2004 (n=1000)
Assumption: Army offers ABF to 35.9% of prospects

# Army Business Fund (ABF)

Intent: **Strengthen Army's market position as a place to secure your future while defending freedom**

Market Attractiveness:

- **Attract a new market to become Army Entrepreneurs**
- **ABF focuses on future community leaders to become lifetime Army advocates**

Key Characteristics:

- **Initial equity payment for a small business**
- **Payment[2] is available upon certification of viable business from the Small Business Administration (SBA), whether purchased after term of service or during RC service**
- **Partnership with the SBA, to provide education and veterans' assistance**

Note: The funds go directly to the lending institution

1 Chadwick Martin Bailey Discrete Choice Study, Dec 2004, n=1,000

2 The funds go directly to the lending institution

# ABF Business Case… Beyond the Numbers

- **The positive image generated by such a program will result in a positive recruiting effect, beyond just those who actually participate in the program**

- **The lessons learned from testing / implementing the Army Business Fund will inform future efforts in support of partnerships with:**
  - Other departments / agencies (i.e., Small Business Administration)
  - Veterans' Groups

- **Plants future advocates and influencers into communities**

# ABF Business Case

Projected Range of Annual ABF Accessions

| Market Awareness Levels | 10% | 25% |
|---|---|---|
| $15K ABF Incentive | 112 | 281 |
| $30K ABF Incentive | 237 | 592 |
| $45K ABF Incentive | 295 | 736 |
| **Total Projected Accessions** | **643** | **1609** |

Anecdotal musing suggests this type of incentive would encourage Soldiers to leave the Army.

Evidence from similar incentives show a different trend:

First Term Cohort Attrition Rate (0 -36 Months)

| Incentive Program | FY00 | FY01 | FY02 |
|---|---|---|---|
| No Incentive | 39.6% | 40.4% | 38.7% |
| Army College Fund | 31.6% | 27.7% | 28.8% |
| PaYS | N/A | 33.5% | 31.8% |

Partnership for Youth Success (PaYS): A recruiting incentive that offers a contractual agreement with a civilain company for a job opportunity upon completing enlistment

Researcher: Chadwick Martin Bailey Method: Discrete Choice Analysis Dec 2004 (n=1000) Assumption: Army offers ABF to 35.9% of prospects

# Incentives Model Major Points

- The All-Volunteer Force's competitive advantage has always rested in providing Soldiers a better future during and after the Army
  - Army College Fund fulfilled that promise…it is now an ordinary offer
  - Service intangibles such as responsibility and dedication have always been complemented with tangible incentives aimed at offering veterans a better future
- The new generation has the expectation of choices
  - Offering effective incentives that can be customized along with the Army experience gives Soldiers a competitive advantage over their peers
  - The Army Incentive Model provides the Army the ability to offer these choices
- AHO and ABF are new entries that differentiate the Army incentive offering and maintain pace with leading private sector incentive initiatives
  - **In the spirit of the GI Bill, AHO and ABF address a need and make America better**
  - **Home buying assistance is being offered by other employers (e.g., Princeton)**
  - **ABF encourages prospects with the wanted entrepreneurial drive and innovative thinking**
  - **Incentives that focus on the Soldier's future and aspirations are good for the Army and the Soldier…these Soldiers have lower attrition rates and higher reenlistment rates**

# Non-Monetary Incentives

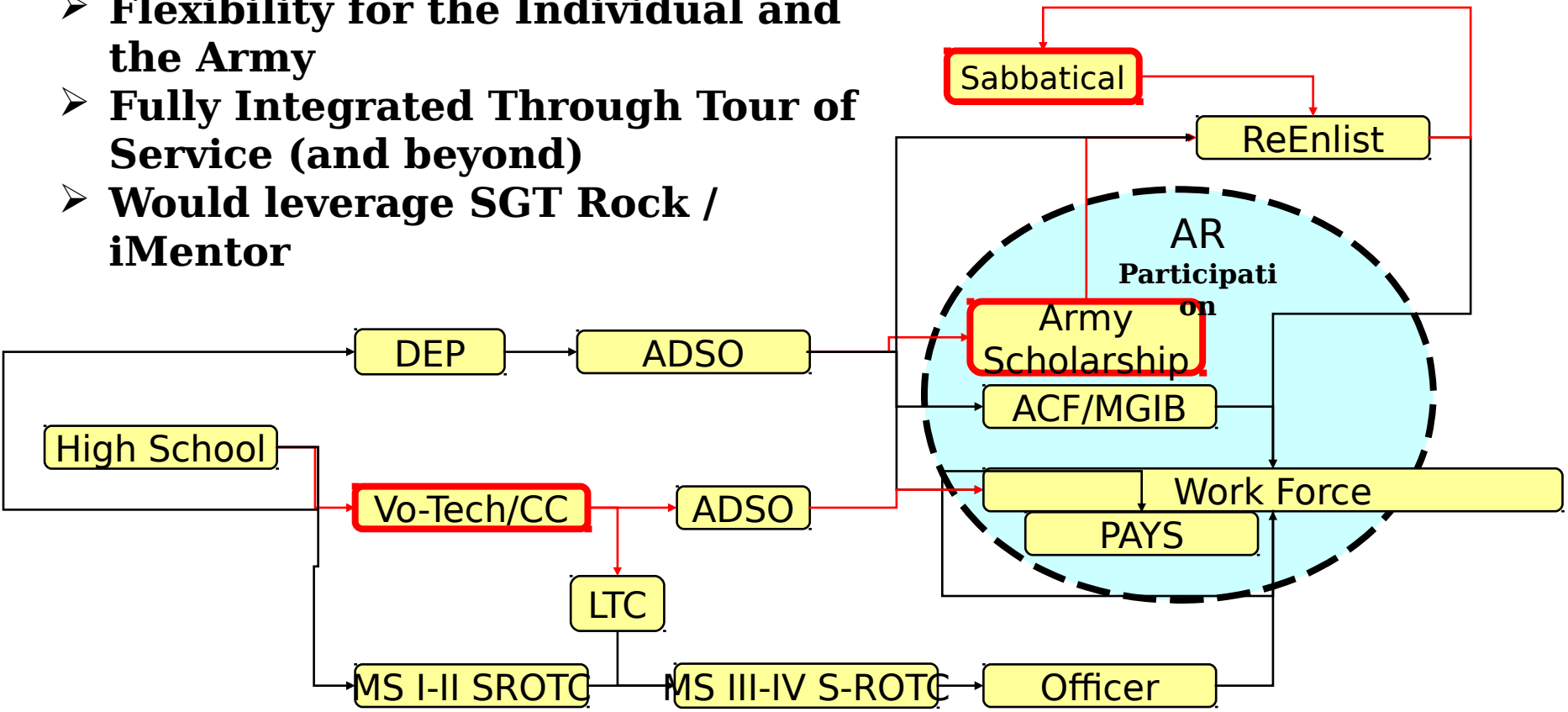
## Self Actualization (Empowerment)

# Self Actualizing Career Management

- Army Career Explorer (For out of service applicants-apply for enlistment on-line)
- Integrated Career Plan (ICP)- SGT Rock/i-mentor (Web based interactive site with applicants and current Soldiers)
- PaYS (Partnership for Youth Success) http://www.armypays.com/
- Point of Sale for recruiters
- Revamped Advertising
- eArmyU
- Army Branding (An Army of One?)
- The Army Career Planner (For in service Soldiers- both AC and RC)
  - **Web-based tool to align skills and aspirations of soldiers and DA civilians with Army needs.**
  - **Patterned after Navy's Sea Warrior and Air Force Virtual Personnel Center**
  - **Benefits and potential**
    - **Today: Link disparate data (eMILPO, TOPMIS, ATRRS, etc.) into actionable information for putting right person in right job.**
    - **5 years: Soldiers see job inventory and apply for whatever they are qualified, regardless of rank/MOS; soldier training based on specific job and/or assignment requirements; 360-degree evaluations.**
    - **15-years: Promotions based on skills and abilities; personnel transfer freely between components based on Army needs and personnel development.**

# Integrated Career Plan

- **Many Ways to *Serve Your Country While Securing Your Future* (CRM)**
- **Flexibility for the Individual and the Army**
- **Fully Integrated Through Tour of Service (and beyond)**
- **Would leverage SGT Rock / iMentor**



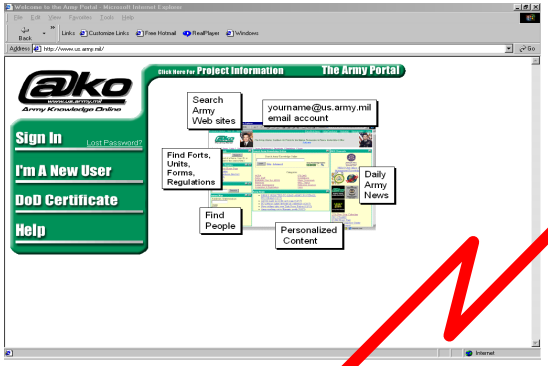
# ARMY CAREER PLANNER

# Purpose

To introduce a concept for development and implementation of an Army Career Planner to help soldiers, leaders, and commanders perform counseling and mentoring functions in support of the Army's Retention Program.

***A One-Stop Organizer for Soldiers…***

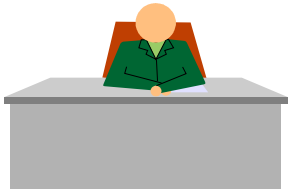
# System Design Concept: How would it work?



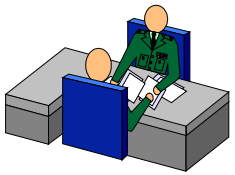

HQDA G-1: Retention Policy Proponent

EPMD HRC

U.S. ARMY HOMEPAGE



RMD

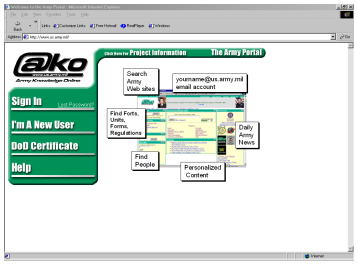


Career Branches

Soldiers uses web-based technology, i.e. Army Homepage or AKO Portal with PIN

# System Design Concept: How would it work?

**Information Site**
- ✓PCS & Travel
- ✓Tricare
- ✓DODDS
- ✓MWR
- ✓VA
- ✓SSC




PIN Access

**Transaction Site**

**Reenlist/ Extension Site**

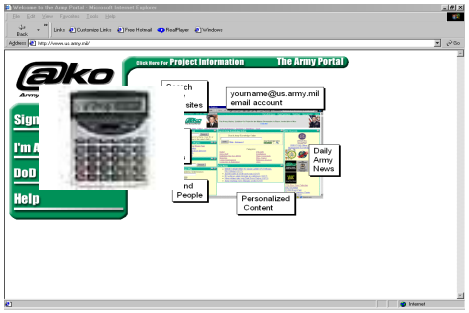
**Personal Counseling Site**

**Special Programs Site**

**Data Source (TAPDB)**

Soldiers uses web-based technology, i.e. Army Homepage or AKO Portal with PIN

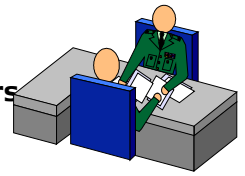
# System Design Concept: How would it work?




Reenlist/ Extension Site

RMD

Career Managers



PIN Access

RETAIN
Extend/ Reenlist/Reclass

U.S. ARMY HOMEPAGE

Army National Guard

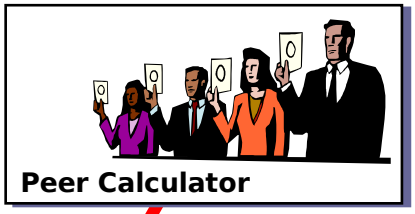
Data Source (TAPDB)

Army Reserve

Soldiers uses web-based technology, i.e. Army Homepage or AKO Portal with PIN

# System Design Concept: How would it work?

Personal Counseling Site




Career Development Module

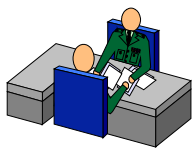
Civilian Education Module

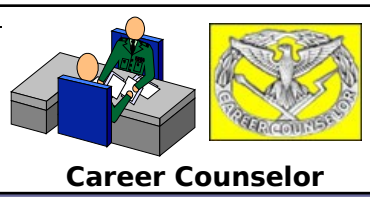
Transaction Site

Counseling History Site

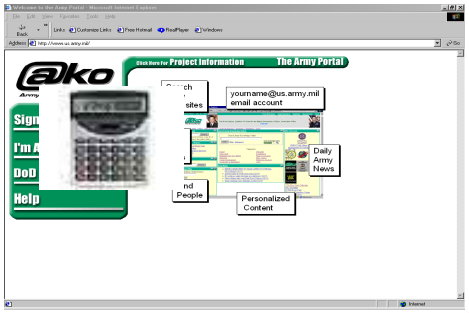
Data Source (TAPDB)

Budget Calculator



# System Design Concept: How would it work?




Special Programs Site

PIN Access

U.S. ARMY HOMEPAGE

Volunteer For Other Programs (Non-Reup)

Delta Force
Airborne
Special Forces

Green To Gold

OCS

USAMAPS

Soldiers uses web-based technology, i.e. Army Homepage or AKO Portal with PIN

# Army Continuum of Service

**Worldwide Retention Conference**

# Continuum of Service

## Support Operational Readiness Requirements

- Operational readiness requirements
- Requirements of the new AC and RC force management paradigm
- Needs of the members and institutions across entire Army spectrum

## Obtain Needed Skills

- Promote acquisition, retention, and maintenance of high-tech and other needed skills.

## Recognize and Leverage Member Experience

- Attract, maintain and leverage member experience to enhance the Army's base of skills, knowledge, and professionalism.

## Facilitate Movement Among Components

- Enable the fluid, progressive movement of members among AC/RC/GS civilian components and encourage volunteerism.

# Continuum of Service Priorities

**Findings**: Not all recruiting efforts qualify as CoS initiatives. Given current recruiting challenges, many ideas for recruiting enhancements bubble up, but consensus is elusive regarding which ones are to be funded.

**Recommendation**: Army give top priority to the following recruiting initiatives under the CoS:

"Competitive Advantage Enlisted Market Expansion."

**Findings**: Given retention challenges, other services are leaping ahead of Army with innovative retention efforts.

**Recommendation**: Army give top priority to funding and implementation of the web-based Human Capital Development Model.

**Findings**: Institutional barriers still exist to the flexible use of all components: AC/RC/DAC

**Recommendation**: Army give priority to its Army Volunteer Program (Leverage OSD database of Reserve Civilian Acquired Skills by web-enabling Army portion and provide opportunities for Ready Reservists to volunteer for assignments.)

-Will facilitate migration among components.

-Army impact: make high demand skills more available.

# Summary

- Recruiting and Retention incentives for all components are under scrutiny
- Changing times requires the Army to confront realities
- Monetary incentives are not the only answer
- Streamlining incentives should facilitate self actualized career management from entry to separation/retirement
- Statutes must be flexible for managers to make decisions, but stringent enough to assure accountability
- Integration of the RC must become more than a sound bite- it must become reality
- The field force (counselors) must be thinking futuristically- the present is important (mission), but the future must be beyond GWOT- remember what happened after the first Gulf War (Peace Dividend?)

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